

SENATE BILL 2722

By Finney L

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4 and Title 67, Chapter 6, relative to tax
incentives promoting economic development.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(b), is amended by adding
the following language as a new subdivision:

(4)

(A) In addition to the credit allowed in subdivisions (b)(1) and (2), a tax credit as described in subdivision (b)(4)(B) shall be allowed in the circumstances described; provided that the taxpayer is a qualified business enterprise located in an area described in subdivision (b)(4)(C), the qualified business enterprise involves a higher level of investment and job creation as specifically described in subdivision (b)(4)(D), and otherwise meets all of the requirements of subdivision (b)(1).

(B) The additional annual credit shall be allowed for a period of three (3) years beginning with the first tax year in which the qualified business enterprise applies for the credit in accordance with subdivision (b)(4)(F) and shall equal five thousand dollars (\$5,000) for each job; provided that the jobs remained filled during the year in which the credit is being taken. This annual credit may be used to offset up to one hundred percent (100%) of the taxpayer's franchise and excise tax liability for that year. Any unused credit, however, shall not be carried forward beyond the year in which the credit originated.

(C) The additional annual credit authorized by this subdivision (b)(4) shall be allowed if the qualified business enterprise is located in a tier 2 or tier 3 enhancement county and, in addition, is located:

(i) In a central business improvement district, created pursuant to title 7, chapter 84;

(ii) In a redevelopment zone. For purposes of this subdivision (b)(4), "redevelopment zone" means either an area designated as a renewal community by the federal department of housing and urban development or an area designated as a low income community for purposes of the federal new markets tax credits program;

(iii) Within twenty (20) miles of federally-owned land approved for closure under any federal Base Closure and Realignment Commission action; or

(iv) Within walking distance or short-distance shuttle service of a public transportation system established pursuant to title 7, chapter 56.

(D) The additional annual credit authorized by this subdivision (b)(4) shall be allowed if the investment exceeds twenty million dollars (\$20,000,000) and at least one hundred (100) qualified jobs are created.

(E) For the purposes of this subdivision (b)(4) only, "qualified job" means a job position that is:

(i) A permanent, rather than seasonal or part-time, employment position providing employment in a qualified business enterprise for at least twelve (12) consecutive months to a person for at least thirty-seven and one half (37 ½) hours per week with minimum health care, as described in title 56, chapter 7, part 22;

(ii) Newly created in this state and, for at least ninety (90) days prior to being filled by the taxpayer, did not exist in this state as a job position of the taxpayer or of another business entity;

(iii) Filled; provided, however, that a position will be deemed filled if it subsequently becomes vacant but is refilled within a period of not more than ninety (90) days; and

(iv) Paid with wages equal to or greater than the state's average occupational wage, as defined in § 67-4-2004, for the month of January of the year during which the job was created.

(F) The qualified business enterprise may first apply the credit provided in this subdivision (b)(4) in any tax year after the qualified business enterprise has met all of the requirements of subdivision (b)(1) and this subdivision (b)(4); provided, however, that the qualified business enterprise must begin to apply the credit no later than the first tax year following the end of the investment period.

SECTION 2. This act shall take effect July 1, 2012, the public welfare requiring it, and shall apply to business plans filed on or after such date.